TOP FY 2000
Project Narrative

Hennepin County

Grant # 27-60-00004
Minneapolis, MN

1: PROJECT PURPOSE:

Hennepin County is the applicant organization working with small locally-based organizations. The Hennepin County Community HeroCard Program is requesting $300,000 over 2 years to implement an automated Community HeroCard Program in an under-served area of Minneapolis, benefitting local merchants, community nonprofit organizations and residents. Without this jumpstart, the various partners will continue to struggle with a paper process that is cumbersome and difficult to sustain. That under-served area, the Lake Street Corridor, will be the first site for the automated Community HeroCard System. The Community HeroCard is a tool that can be used by communities to re-engage residents in volunteer and civic activities. The Community HeroCard encourages individuals to volunteer with community nonprofit organizations and to shop in local stores. It enhances economic and community development by building stronger neighborhoods through volunteering and by keeping the dollars spent within the community.

We know that the Community HeroCard works because of the success of our pilot operating in Minneapolis since April of 1997. The pilot, which uses a paper process, began in a single location, the Lyndale neighborhood of South Minneapolis and has since expanded to 58 sites. In April of 1997, there were 139 residents enrolled as Community HeroCardholders and they could use their cards at only 12 merchant locations. Today, there are more than 2600 individual cardholders and their Community HeroCards are honored at over 70 merchant locations.

The Lyndale pilot has shown that the Community HeroCard Program is an effective tool to approach the problem of citizenship disengagement because it is a community-driven solution. In the Lyndale neighborhood more people became engaged with their community and volunteered. Neighbors began knowing neighbors, the neighborhood organization was able to attract volunteers more readily and local merchants gained standing in the community by providing rewards for volunteering. What worked in Lyndale can work in other neighborhoods but we must move beyond our paper process to create a sustainable, replicable model that invites neighborhood residents to engage and be invested in their community. (Appendix A, p. 9)

The Lake Street Corridor is a prime example of a community struggling to recover from the effects of resident disengagement. The Corridor spans thirteen neighborhoods in the urban core of Minneapolis. Although two of those neighborhoods are relatively affluent, one out of every four residents in the remaining neighborhoods has an income below the poverty rate. In fact, four of the neighborhoods are located in an Empowerment Zone. Forty percent of Empowerment Zone residents have incomes of less than $10,000 per year, and there is an unemployment rate of more than three times that of the city as a whole. In addition to these economic barriers, the majority of residents within these zones are people of color and many speak languages other than English. There are indeed many barriers that prohibit community engagement. A map of the Lake Street Corridor and a letter of support from the Empowerment Zone can be found in Appendix B, p. 10 and C, p. 11.

Solution
We are requesting a one time only match grant of $300,000 by the Technologies Opportunity Program. That investment will match our planned infusion of resources into the Lake Street Corridor and will leverage a significant change within that community by launching the

Community HeroCard System. The Community HeroCard is a tool that communities can use to recognize and reward individual neighbors who make the community a safe and thriving place to reside. The system will attract merchants to engage with the residents of the community in joint efforts that will result in healthy thriving neighborhoods that are built from within.

The Community HeroCard concept is simple. It provides a tool to reconnect those facets of a community that are necessary to build strong and healthy communities. The HeroCard system is an incentive, reward and loyalty system that links community members, nonprofit community organizations, local businesses and government and invites them to work together on that common goal. It offers an opportunity for economic and social community development.

Here is how the Community HeroCard System works:

- A non-profit organization enrolls Maria, a volunteer. She is issued her own Community HeroCard and an electronic HeroCard Account is opened for her. The only way to obtain a Community HeroCard is through a participating non-profit organization.

- Maria shops at a participating merchant and pays for her purchase with cash, check or credit card. She also informs the merchant that she is a Community Hero.

- After completing her purchase, Maria presents her Community HeroCard to the merchant, who runs the card through the Community HeroCard transaction equipment. A predetermined cash rebate is electronically debited out of the funds just paid to the merchant.

- A small transaction fee is deducted; the balance is available to Maria in two different ways.

- One half of Maria's rebate reward is immediately accessible to her. It is credited to her Community HeroCard Account and she can choose to spend it as soon as the next business day by presenting her card, which now has stored value, at any participating merchant**.**

- Maria can access the remaining half of her rebate reward in only one way: by accumulating the same number of Community Service Dollars (C$Ds) in her HeroCard Account. Those C$Ds can be accumulated only by volunteering at a participating non-profit organization and spending time working on community building volunteer activities.
- Maria's volunteer hours are reported to the Commonweal Data Center by the non-profit organization using specialized software via the Internet. Ten C$Ds per hour volunteered are deposited into her Community HeroAccount.

The community benefits in several ways. The non-profit organization can attract and engage additional volunteers so more work is completed in the community. The individual cardholders are rewarded for shopping at local businesses and can double the amount of their reward by volunteering. Those rewards increase a cardholder's purchasing power and local businesses gain loyal customers and give back to the community by providing the rewards. Eventually, the overall health and vitality of the community is improved due to the economic activity as well as the increase in civic and social responsibility that is incented through the volunteering.

The Community HeroCard System has been successful in its pilot phase and is now ready to launch a fully automated program in the Lake Street Corridor. This launch requires that the community have the necessary technology to participate. Most of the non-profit organizations and small businesses in the Lake Street Corridor have limited resources and cannot afford to purchase this equipment. TOP can help us provide the technology and equipment.

The Community HeroCard System technology:
The **first** component of the Community HeroCard technology's interactive network is a volunteer information system to track and share data with community organizations, individual program participants and the Commonweal Data Center. The **second** component is the Community HeroCard™, a stored value card, issued by the non-profit organizations to individuals. This card represents the key to the entire system. Information encrypted on the card grants access to an individual's account information stored in the data center and is also accessible via the Internet to a secure server. The **third** component of the technology is a merchant transaction system that enables the participating businesses to honor the Community HeroCard as well as commercial debit and credit cards. When the HeroCard is run through the transaction equipment at the merchant location, that system electronically issues a predetermined merchant cash rebate on purchases. When that cash is added onto the card, that same transaction equipment allows the cardholder to spend it at any participating merchant. The **final** component is the data center that mediates all transactions and manages the communications via broadband and conventional telephone bank lines. The components of the system are illustrated in Appendix D, p.12, "Transaction Management System".

The strategy we are proposing is to seed the initial 60 non-profit organizations and 60 local merchants with the technology that is needed to bring the system to scale. We believe that the initial success of the program will attract additional non-profit organizations and local merchants who will self-fund the technology to join a successful program. We anticipate that the initial pool of non-profit organizations will grow to well over 100 and the merchant ranks will expand to 250. It is our expectation that 17,000 individuals will have active Community HeroCards within the first 24 months of the Lake Street Corridor project launch.

We plan to equip the initial 60 non-profit organizations with new hardware and software that will allow them to participate in the Community HeroCard System. In addition, technical support will be provided on an ongoing basis by the Technical Support staff person. (Funding for this position is included in the grant request). The equipment will be distributed to complement or replace existing equipment. A complete package would include: a Pentium class computer, software package, and Internet access including installation and monthly fee. This equipment will provide more than the Community HeroCard access for these non-profit organizations. It will open up the world of network technology by providing access to the Internet. They will be able to conduct research, communicate with one another via email and be available to individuals for look-up functions on their HeroAccount. The software itself has multiple uses including data spreadsheet capabilities, tracking of tasks and fundraising aids that will build managerial capacity for the organization. We also plan to equip 60 small businesses with Verifone Tranz 380x2 transaction equipment. The equipment will process Community HeroCard transactions as well as allow the merchant to offer credit and debit card purchasing to all customers. Currently, there are a significant number of merchants that cannot afford to offer

such services to their customers. (See Appendix E and F on pps. 13-14 for a complete list of technology and a representation of the Verifone Equipment)

Outcomes
The initial outcomes of the Lake Street Corridor project are qualitative in nature. Residents will begin to know their neighbors as they become involved in volunteer activities. Business, non-profit organizations, and residents will find their common ground and work together. HeroCard holders will spend their money inside the community so that the dollars stay within the community, and ultimately, a stronger more vital community is built. Over time, the success of the program can be assessed quantitatively by measuring increases in residential ownership and improved property values.

2: INNOVATION

The Community HeroCard System is built on the belief that our society has abundant resources that can be used for social good. There is an abundance of goods on store shelves, an abundance of talent that is not always used, and an abundance of people willing to volunteer their time and talents to make their communities a better place to live. There are also an abundance of programs that have failed to acknowledge assets that communities have but focus instead on what they think the community needs. Those programs, though well intentioned, have funded efforts to provide things FOR the community. The Community HeroCard is different. It is owned BY the community and based on community assets.

The Community HeroCard is not your typical government program. County programs are usually limited to providing social services and the implementation of State and Federal policies. The Community HeroCard came into being after a county official attending their local church heard a presentation about the concept of rewarding volunteers by using the world's abundance. The Community HeroCard was built upon that happenstance. What followed was the development of a network-based technology system that is the backbone of a social and economic community development model. It is entirely self-sustaining and can be replicated in any community in the United States and beyond.

The simple idea of providing rewards for volunteer work is neither new nor innovative. There are volunteer programs that exchange services or issue scrip for tasks performed but none of them is easily replicated. They are geographically restricted due to a lack of technology and do not have the infrastructure necessary to launch a national program. Before the Community HeroCard, there had never been a program using state-of-the-art technology to connect all the members of a community with a common goal. The Community HeroCard uses market-based principles and applies them toward building a well-rounded, healthy community. The strength of the Community HeroCard System lies in uniting partners from a variety of sectors. The system connects them through a centralized data center. That data center, along with the Internet, a processor and the Federal Reserve Interchange allows that interconnectedness.

The development of this technology has been the most important innovation. We have operated a cumbersome manual program as a test pilot and found that it worked, but was neither sustainable nor easily replicable. The HeroCard technology is a key component both for the success of the program and for the expansion into other geographic areas.

The technology works as follows: At the merchant location, the equipment reads the code on the HeroCard and using the Federal Reserve Interchange, electronically drafts a cash rebate from the merchant account. After deducting a small transaction fee, one half of the rebate amount- the loyalty reward, is deposited into the cardholder account. When that cardholder wants to spend their cash, which can be done only within the circle of participating merchants, the card is "read" through the transaction equipment and the stored cash value on the card can be spent.

In addition to building the exchange between merchant and cardholder, we have also devised a creative way to fund our nonprofit partners with two unattached funding sources. First, any cash not accessed by volunteering in the individual's account is swept out at the end of 180 days and distributed to the participating nonprofit organizations within that cardholder's community. In this instance, the participating non-profit organizations within the cardholder's county are the community. The organizations receive a share of these funds based proportionately upon the number of volunteer hours they have reported during that time. The second funding source comes out of the transaction fee. The transaction fee is paid by the merchant on each cash rebate issued. All non-profit organizations in the program receive a portion of the rebate dollars accrued by the cardholders it has enrolled. This becomes part of building a good economy within the community. (Appendix G and H on pg. 15-16 show the distribution of funds.)

3: DIFFUSION POTENTIAL

The decline of the neighborhoods in the Lake Street Corridor is not a phenomenon peculiar to the City of Minneapolis. The lack of engagement by citizens is a fact in most of the older cities in the United States. The Community HeroCard can make a difference in any community. We know that there is an interest in bringing the program to other parts of the nation. The program was showcased at the National Association of Counties Annual Conference (NaCo) in 1999 and generated interest and excitement. Based on that conference, the Community HeroCard Program has had serious inquiries from 7 of the top 100 largest counties in the U.S. Each one of them has the infrastructure and ability to bring the Community HeroCard System to their urban areas.

There is a cost to replicating the Community HeroCard Program in other locations although the introduction of the technology makes it infinitely replicable. In addition to the equipment costs and merchant recruitment, leadership must be provided to build the program within communities. It requires commitment, patience and hard work to establish a successful working relationship between government, community organizations, neighborhood residents and business. The Hennepin County effort could be used to model other such initiatives. Hennepin County has provided 2 full time staff who handle the non-profit organization recruitment and leadership. The structure and support that the county is able to provide has been a crucial part of the program's success to date. Other counties could step forward and make this commitment as well.

Dissemination of Information

We will spread the word about the Lake Street Corridor Community HeroCard Project through the National Association of Counties as well as through participation in local and national exhibits. We will also use the networks of our participating partner organizations, which include among others: America's Promise, the United Way, Volunteer Centers, The Minneapolis Foundation, and the Minneapolis Center for Neighborhoods. (Appendix I-M on pps. 17-22 show letters of support from organizations)

4: PROJECT FEASIBILITY

The Lake Street Corridor Community HeroCard Program will use Pentium class computers, Internet access, standard off-the-shelf software package and Verifone Tranz380x2 transaction equipment. This equipment meets the requirements necessary to operate both the non-profit community organization and the local merchant participation.

The use of the Internet for reporting volunteer activities and hours will allow expansion of the program into any part of the United States. The Verifone Tranz380x2 are sophisticated merchant equipment that allows for credit card processing, debit card use, as well as honoring the electronic Community HeroCard at merchant locations. Verifone is one of the most widely used transaction equipment in the United States. National Bank Card Services provides the third party access for all merchant transaction processing and provides fully redundant 7/24 national support. The Commonweal Data Center is designed to support millions of cardholders. The Data Center hardware and software are installed and undergoing testing at this time.

Our pilot showed that the HeroCard was of interest to nonprofit organizations to attract and sustain volunteer commitment and that merchants were willing to provide rewards for cardholders. The lack of technology made it difficult to obtain quantitative results, however, we have included letters from participating organizations and merchants showing their support for the Community HeroCard system. (Appendix N,O,P on pps. 23-25)

The applicant team has the experience to bring this project to completion. The Hennepin County staff have been involved in the Community HeroCard since its inception and have created the processes and infrastructure needed to operate the system. They have also built the relationships that are so necessary to work with the community members. The Lake Street Partners and Lake Street Council Executive Directors have the qualifications to represent their community and business constituents as well as the expertise needed to lead the planning and implementation. The Commonweal Team has broad levels of experience, including thirty years of new product development, strategic planning, telecommunication, data management and system design. A timeline of the project as well as information about the team can be found in Appendix Q-X on pps. 26-33.)

The Program will sustain itself financially through the continued participation of merchants and the distribution of transaction fees to participating non-profit organizations. Everyone wins: merchants build loyal customers, community volunteers have increased purchasing power and non-profit organizations have new incentives to attract and retain volunteers.

5: COMMUNITY INVOLVEMENT

The Lake Street Corridor Community HeroCard Project began as the result of a National Points of Light Award. That foundation awarded The Minneapolis Foundation Community HeroCard Fund $15,000.00 to start an initiative to bring the Community HeroCard System to a low-income community in the inner city. The Lake Street Corridor seemed a natural fit and a meeting was held with a variety of stakeholders from that area. The merchant and nonprofit sectors, The Minneapolis Foundation, and the Executive Directors of both the Lake Street Partners and the Lake Street Council were present. At that meeting both of the Executive Directors committed their organizations as partners in the Lake Street Corridor Community HeroCard Project. They describe themselves as a group of committed partners including neighborhoods, area businesses, business associations and local non-profit organizations. With the Lake Street Partners and the Lake Street Council involved, the entire community is represented at the table.

The Lake Street Corridor Community HeroCard Project planning committee consists of the Executive Directors of the Lake Street Partners and the Lake Street Council, the CEO of Commonweal Inc., and the coordinator of Hennepin County's Community HeroCard. As the project planning moves forward, we will be creating a steering committee that will include neighborhood residents, non-profit organization staff and local business owners.

Specific responsibilities have been defined. The Lake Street Partners and Council will provide the leadership to plan and implement the launch of the program in Lake Street and lead the merchant recruitment effort. Commonweal Inc. will assist with the recruitment and provide training for that task. Hennepin County will be responsible for bringing the nonprofit community organizations into the program and will work on the planning and implementing as well. The benefits to be gained as a result of these activities fit with the defined goals of the project. We will all benefit from a stronger, more vibrant community. (Memorandums of agreement can be found in Appendix Y and Z on pps. 34-36.)

6: REDUCING DISPARITIES

Many of the communities in the Lake Street Corridor are located in an Empowerment Zone. A large percentage of households living there have yearly household incomes of less than $10,000. NTIA's report, *Falling Through the Net* (July 1995) indicates that the availability of Personal Computers and access to the Internet is at its lowest in households with incomes of $15,000 per year. We believe that the majority of the residents of the Lake Street Corridor fit this profile as well. A report published by The Minneapolis Foundation, *Measuring Neighborhood Health,* cites the overall poverty level of children in these neighborhoods as 60 percent and while the poverty rate varies by neighborhood, it ranges from 31 to 48 percent in those that border Lake Street.

The low level of access to technology that exists among the residents of the Lake Street Corridor extends to the non-profit organizations and merchants that serve them. We conducted a survey of the 12 Lake Street Corridor non-profit organizations currently participating in the Community HeroCard Program. That survey revealed that 3 have Pentium class computers, 2 of those have Internet access and the remaining 9 have neither. None of the non-profit organizations are using

volunteer tracking software. A second survey was conducted with the 12 participating Lake Street merchants. Of those 12 merchants, none had appropriate transaction equipment.

Providing Pentium class computers, access to the Internet, and software applications to the non-profit community organizations will increase their managerial capacity. Acquisition of the transaction equipment by the local merchants will enhance their ability to do business since it will allow them to accept credit and debit cards in addition to the Community HeroCard. The individual residents of the community will receive their own Community HeroCard, which is a stored value card that can be used at local merchants. The card provides a state-of-the-art entrance into the technological transaction world.

7: EVALUATION AND DOCUMENTATION

The Lake Street Corridor Community HeroCard project will use a program outcome model to evaluate its impact on the Lake Street Corridor. This program outcome model identifies resources dedicated to the project (inputs), documents what the project does with the resources (activities), and determines the direct products of those activities (outputs). Through the analysis of this information we will determine participant benefits (outcomes).

Jim Westcott, who holds Master's degrees from Metropolitan University and Harvard University, JFK School of Government, will lead the evaluation team. Mr. Westcott will be volunteering his time and will be assisted by a Planning Analyst provided by Hennepin County.

The Lake Street Corridor Community HeroCard project will gather information from three separate groups of end users, community-based organizations, individual community residents and local merchants. Baseline information will be collected prior to implementation and additional information will be obtained at regular intervals during the course of the project and after the project is completed. Evaluation methods including surveys and focus groups will gather information from each type of participant to determine the effect of this project on them and their community. These evaluation methods will include questionnaires, surveys and focus groups. A complete documentation of the project will be recorded in the annual report issued by the Board of Advisors. We want to discover from each type of end-user, the overall satisfaction with the program. Things we will ask will include:

- Have community-based organizations been able to attract more volunteers by offering the Community HeroCard and have those volunteers become more engaged in community work as a result of the card.
- Have the local merchants had an increase in customers as a result of accepting the Community HeroCard and if they feel the card made a difference in shopping patterns by neighborhood residents.
- Do the residents who are cardholders, believe that the Community HeroCard is an incentive for civic engagement and volunteering and if the card has increased their purchasing power.
- Has residential ownership increased and have property values risen.
- Has the technology solution supported the information needs of the participants.

The entire evaluation plan is addressed in a chart in Appendix AA p. 37).